



IDFC BOND FUND - Medium Term Plan

(Previously known as IDFC Super Saver Income Fund – Medium Term Plan)
An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years and 4 years

The fund is positioned in the short term fund category and invests in a mix of debt and money market instruments. The overall average maturity of the fund will ordinarily not exceed around 4 years. MT is best suited for investors who want moderate participation.

The around 4 year average maturity cap makes the fund well suited to offer lower volatility yet benefit from potential fall in interest rates.

OUTLOOK

Our continued assessment over the past few months has been that there possibly has been a general under-appreciation of the gravity of our current slowdown. We have therefore had great sympathy for continued counter-cyclical responses even as the need for more urgency on structural reforms cannot be underplayed. Our only point has been that there needs to be adequate appreciation of where the maximum depth available is for countercyclical response. We have also been cognizant of the moral hazard issue when exploring the avenues for non-traditional responses. For that reason, while we have been happy to support a twist or outright open market purchases of bonds, we have balked at endorsing a 'bail-out' package for stressed balance-sheets. The February policy has been quite consistent with the underlying macro-environment. This is especially also given the new threat to global growth in the form of the Coronavirus as well as the obvious limits to fiscal policy that have been clearly evident in the just announced Union Budget.

In our actively managed bond and gilt funds, we have been heavily overweight 'high beta' 13 year government bonds till after the budget, basis our view that the market was perhaps over-fearing the event. Since the budget we have shifted these portfolios more in favor of 8 - 10 year government bonds on the higher absolute value offered in this segment and since the "momentum" trade generated post budget may have soon dissipated. We find this positioning conducive to the monetary policy announcements. Government bonds up to 5 years or so may find even greater support in context of the long term repo operations. For 'real money' that wants somewhat higher duration given an otherwise conducive rate environment, the 5 - 10 year part of the curve may thus offer reasonable value. As always, this strategy represents our current thoughts and is subject to change at short notice in light of market dynamics and our own evolving assessment.

Fund Features:

Category: Medium Duration

Monthly Avg AUM: ₹2,956.19 Crores

Inception Date: 8th July 2003

Fund Manager: Mr. Suyash Choudhary
(w.e.f. 15/09/2015)

Standard Deviation (Annualized): 2.36%

Modified Duration: 3.86 years

Average Maturity: 4.86 years

Yield to Maturity: 6.83%

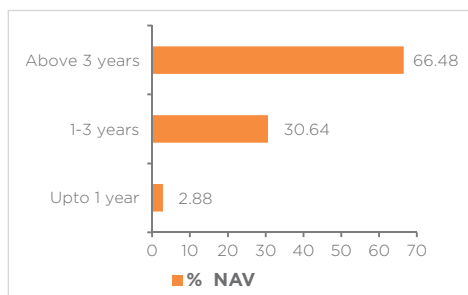
Benchmark: NIFTY AAA Medium Duration Bond Index (w.e.f 11/11/2019)

Minimum Investment Amount:
₹5,000/- and any amount thereafter

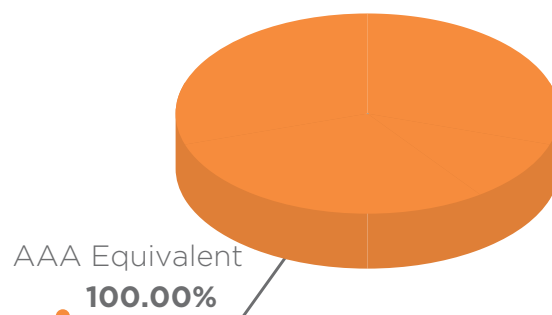
Exit Load: NIL (w.e.f. 15th January 2019)

Options Available: Growth, Dividend - Daily, Fortnightly (Payout & Reinvestment), Monthly, Bi - Monthly (once in two months), Quarterly & Periodic

Maturity Bucket:



ASSET QUALITY



Gsec/SDL yields have been annualized wherever applicable
Standard Deviation calculated on the basis of 1 year history of monthly data

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

PORTFOLIO (31 January 2020)

Name	Rating	Total (%)
Government Bond		60.30%
7.17% - 2028 G-Sec	SOV	26.40%
7.32% - 2024 G-Sec	SOV	18.39%
7.27% - 2026 G-Sec	SOV	14.99%
7.35% - 2024 G-Sec	SOV	0.53%
Corporate Bond		36.70%
Reliance Industries	AAA	11.36%
Power Finance Corporation	AAA	9.90%
LIC Housing Finance	AAA	8.16%
REC	AAA	3.12%
HDFC	AAA	1.95%
NABARD	AAA	1.18%
Bajaj Finance	AAA	0.85%
Indian Railway Finance Corporation	AAA	0.18%
PTC		1.34%
First Business Receivables Trust^	AAA(SO)	1.34%
State Government Bond		0.07%
8.37% Tamil Nadu SDL - 2028	SOV	0.07%
8.25% Andhra PradeshSDL - 2023	SOV	0.001%
8.68% Gujarat SDL - 2023	SOV	0.0001%
Net Cash and Cash Equivalent		1.59%
Grand Total		100.00%

^PTC originated by Reliance Industries Limited



This product is suitable for investors who are seeking*:

- To generate optimal returns over medium term
- Investments in Debt & Money Market securities such that the Macaulay duration of the portfolio is between 3 years and 4 years

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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